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# **OPEN MEETING COVER SHEET**

## **MEMORANDUM AND PROPOSAL FOR PUBLICATION**

<b>MEETING DATE:</b>	August 4, 2022
<b>DATE DELIVERED:</b>	July 29, 2022
<b>AGENDA ITEM NO.:</b>	28
<b>CAPTION:</b>	Project No. 53169 – Review of Transmission Rates for Exports from ERCOT
<b>DESCRIPTION:</b>	Memo and Proposal for Publication

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Chairman Peter Lake  
Commissioner Will McAdams  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty

**FROM:** David Smeltzer, Director of Rules and Projects

**DATE:** July 29, 2022

**RE:** August 4, 2022, Open Meeting – Agenda Item No. 28  
Project No. 53169 – Review of Transmission Rates for Exports from ERCOT

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Please find attached to this memorandum Commission Staff's proposal for publication in the above-referenced project for consideration at the August 4, 2022, Open Meeting. Commission Staff recommends adoption of the proposed amendments to 16 Texas Administrative Code (TAC) §25.192, relating to Transmission Rates. Specifically, to 16 TAC §25.192(e), relating to Transmission Rates for Export from ERCOT.

The purpose of these proposed changes is to treat DC tie transactions more equitably by removing the seasonal monthly-on peak transmission component of the transmission rate and convert all billing intervals for transmission service charges to one-hour periods. Commission Staff's proposal also increases transparency on transmission costs by requiring ERCOT to publish a monthly report on energy imports and exports based on a rolling twelve-month period.

Commission Staff recommends the Commission approve this draft for publication in the *Texas Register*.

**PROJECT NO. 53169**

<b>REVIEW OF TRANSMISSION RATES</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
	<b>§</b>	
<b>FOR EXPORTS FROM ERCOT</b>	<b>§</b>	<b>OF TEXAS</b>
	<b>§</b>	

**(STAFF RECOMMENDATION)**

**PROPOSAL FOR PUBLICATION OF AMENDMENTS TO 16 TAC §25.192  
FOR CONSIDERATION AT THE AUGUST 4, 2022 OPEN MEETING**

The Public Utility Commission of Texas (commission) proposes amendments to 16 Texas Administrative Code (TAC) §25.192, relating to Transmission Service Rates. The amendments will eliminate the seasonal component of the transmission charge for exporting power outside the ERCOT region by eliminating an increased charge for the months of June, July, August, and September and will provide additional transparency on transmission charges associated with DC ties. The amendments will also make other minor changes.

***Growth Impact Statement***

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed rule amendments are in effect, the following statements will apply:

(1) the proposed rule amendments will not create a government program and will not eliminate a government program;

(2) implementation of the proposed rule amendments will not require the creation of new employee positions and will not require the elimination of existing employee positions;

(3) implementation of the proposed rule amendments will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed rule amendments will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed rule amendments will not create a new regulation;

(6) the proposed rule amendments will not expand, limit, or repeal an existing regulation;

(7) the proposed rule amendments will not change the number of individuals subject to the rule's applicability; and

(8) the proposed rule amendments will not affect this state's economy.

### ***Fiscal Impact on Small and Micro-Businesses and Rural Communities***

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed rule amendments. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

### ***Takings Impact Analysis***

The commission has determined that the proposed rule amendments will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

***Fiscal Impact on State and Local Government***

Werner Roth, Senior Economist, Market Analysis has determined that for the first five-year period the proposed rule amendments are in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

***Public Benefits***

Mr. Roth has determined that for each year of the first five years the proposed amendments are in effect the public benefit anticipated as a result of enforcing the amendments will be more equitable treatment for DC tie transactions and increased transparency on transmission costs. There will be no adverse economic effect on small businesses or micro-businesses as a result of enforcing this section.

***Local Employment Impact Statement***

For each year of the first five years the proposed amendments are in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

***Costs to Regulated Persons***

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

***Public Hearing***

1 The commission staff will conduct a public hearing on this rulemaking if requested in accordance  
2 with Texas Government Code §2001.029. The request for a public hearing must be received by  
3 September 15, 2022. If a request for public hearing is received, commission staff will file in this  
4 project a notice of hearing.

#### 6 ***Public Comments***

7 Interested persons may file comments electronically through the interchange on the commission's  
8 website. Comments must be filed by September 1, 2022. Reply comments must be filed by  
9 September 15, 2022. Comments should be organized in a manner consistent with the organization  
10 of the proposed rule amendments. The commission invites specific comments regarding the costs  
11 associated with, and benefits that will be gained by, implementation of the proposed rule  
12 amendments. The commission will consider the costs and benefits in deciding whether to modify  
13 the proposed rule amendments on adoption. All comments should refer to Project Number 53169.

#### 15 ***Statutory Authority***

16 The amended rule is proposed under PURA §14.002, which provides the commission with the  
17 authority to make adopt and enforce rules reasonably required in the exercise of its powers and  
18 jurisdiction, PURA §§35.001-35.008, which grants the commission oversight and review  
19 authority over wholesale transmission service and rates, and PURA § 39.151, which grants the  
20 commission oversight and review authority over independent organizations such as ERCOT.

22 Cross Reference to Statute: Public Utility Regulatory Act §§ 14.002, 35.001-35.008, and  
23 39.151.

1 **§25.192(e) Transmission Rates for Export from ERCOT.**

2 (a)-(d) No changes.

3 (e) **Transmission rates for exports from ERCOT.** A transmission service charges for  
4 exports of power from ERCOT must will be assessed to transmission service customers for  
5 transmission service within the boundaries of the ERCOT region, in accordance with this  
6 section and the ERCOT protocols.

7 (1) A transmission service customer must shall be assessed a transmission service  
8 charge for the use of the ERCOT transmission system in exporting power from  
9 ERCOT based on the megawatts that are actually exported, the duration of the  
10 transaction and the rates established under subsections (c) and (d) of this section.  
11 The Billing intervals must shall consist of one a year, month, week, day, or hour.

12 ~~(2) The monthly on peak transmission rate will be one fourth the TSP's annual rate,~~  
13 ~~and the monthly off peak transmission rate will be one twelfth its annual rate. The~~  
14 ~~peak period used to determine the applicable transmission rate for such transactions~~  
15 ~~shall be the months of June, July, August, and September.~~

16 (2) The transmission rate will be the TSP's annual rate converted to an hourly rate.

17 (3) The ~~DSP or an~~ entity scheduling the export of power over a DC tie is solely  
18 responsible to the TSP for payment of transmission service charges under this  
19 subsection.

20 ~~(4) A transmission service customer's charges for use of the ERCOT transmission~~  
21 ~~system for export purposes on a monthly basis shall not exceed the annual~~  
22 ~~transmission charge for the transaction.~~

23 (4) Beginning with the January 2023 reporting month, ERCOT must file a report with  
24 the commission stating the total amount of energy imported and the total amount  
25 of energy exported over each DC tie for the calendar month. The report must also  
26 include the total amount of energy exported from the ERCOT region during the  
27 reporting month and each of the preceding 11 calendar months, reported by  
28 scheduling entity. Each report must be filed within 45 days of the end of the  
29 reporting month.

30 (f)-(h) No changes.

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1 This agency hereby certifies that the proposal has been reviewed by legal counsel and found to  
2 be within the agency's legal authority to adopt.

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4 **ISSUED IN AUSTIN, TEXAS ON THE 4<sup>th</sup> DAY OF AUGUST 2022 BY THE**  
5 **PUBLIC UTILITY COMMISSION OF TEXAS**  
6 **ANDREA GONZALEZ**